

Financial Statements of

INVEST ONTARIO

For the year ended March 31, 2022, and for the period from July 8, 2020 to
March 31, 2021



Invest Ontario
250 Yonge Street, 35th Floor
Toronto, Ontario, Canada
M5B 2L7

Invest Ontario

Year ended March 31, 2022 and Period ended March 31, 2021

Responsibility for Financial Reporting

The accompanying financial statements of the Invest Ontario have been prepared in accordance with Canadian public sector accounting standards and are the responsibility of management. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods. The financial statements have been properly prepared within reasonable limits of materiality and considering information available up to June 28, 2022.

Management is responsible for the integrity of the financial statements and maintains a system of internal controls designed to provide reasonable assurance that the assets are safeguarded, and that reliable financial information is available on a timely basis. The system includes formal policies and procedures and an organizational structure that provides for appropriate delegation of authority and segregation of responsibilities.

The Board, through the Finance, Audit and Risk Committee, is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Finance, Audit and Risk Committee is comprised of Board members who are not employees/officers of Invest Ontario and generally meets periodically with management and the Office of the Auditor General to satisfy itself that each group has properly discharged its respective responsibility.

The financial statements have been audited by the Office of the Auditor General of Ontario. The Auditor's responsibility is to express an opinion on whether the financial statements are fairly presented in accordance with Canadian public sector accounting standards. The Auditor's Report outlines the scope of the Auditor's examination and opinion.

Trevor Dauphinee
Chief Executive Officer

Alicia Yurichuk, CPA, CGA
Finance Director



INDEPENDENT AUDITOR'S REPORT

To Invest Ontario

Opinion

I have audited the financial statements of Invest Ontario, which comprise the statements of financial position as at March 31, 2022 and 2021, and the statements of operations, changes in net financial assets and cash flows for the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Invest Ontario as at March 31, 2022 and 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year ended March 31, 2022 and for the period July 8, 2020 to March 31, 2021 in accordance with Canadian public sector accounting standards.

Basis for Opinion

I conducted my audits in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Invest Ontario in accordance with the ethical requirements that are relevant to my audits of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Invest Ontario's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Invest Ontario either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Invest Ontario's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements


My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Invest Ontario's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Invest Ontario's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Invest Ontario to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audits.

Toronto, Ontario
June 28, 2022


Bonnie Lysyk, MBA, FCPA, FCA, LPA
Auditor General

Invest Ontario
Statements of Financial Position
As at March 31, 2022 and March 31, 2021

	2022	2021
Financial Assets		
Cash	\$ 2,300,083	\$ -
Interest Receivable	1,309	-
	<u>2,301,392</u>	<u>-</u>
Liabilities		
Accounts Payable and Accrued Liabilities (note 4)	450,244	-
Due to the Province of Ontario (note 5)	992,432	-
Net financial assets	<u>858,716</u>	<u>-</u>
Non- Financial Assets		
Prepays (note 6)	232,655	-
	<u>232,655</u>	<u>-</u>
Accumulated Surplus	<u>\$1,091,371</u>	<u>\$ -</u>

Contingency (note 10)

The accompanying notes are an integral part of these statements.

On behalf of the Board:

Elyse Allan Chair, Board of Directors

[Signature] Chair, Finance, Audit and Risk Committee

Invest Ontario**Statements of Operations and Accumulated Surplus**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

	Budget March 31, 2022 (note 11)	March 31, 2022	July 8, 2020 to March 31, 2021 (note 8)
Revenue:			
Transfer Payment – Ministry of Economic Development, Job Creation and Trade	\$ 4,640,680	\$ 3,598,685	\$ -
Interest Income	-	1,309	-
	4,640,680	3,599,994	-
Expenses (note 8):			
Salaries, Wages & Benefits (note 7)	\$ 2,261,042	\$1,763,049	\$ -
Supplies & Equipment	42,292	4,358	-
Transportation & Communications	83,770	14,921	-
Services	2,216,076	724,031	-
Marketing	37,500	2,264	-
	4,640,680	2,508,623	-
Annual Operating Surplus	-	\$1,097,371	-
Accumulated Surplus, beginning of year	-	-	-
Accumulated Surplus, end of year	\$ -	\$ 1,091,371	\$ -

The accompanying notes are an integral part of these statements.

Invest Ontario**Statements of Changes in Net Financial Assets**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

	Budget March 31, 2022 (note 10)	March 31, 2022	July 8, 2020 to March 31, 2021
Annual Operating Surplus	\$ -	\$1,091,371	\$ -
Prepays	-	(\$232,655)	-
Increase in net financial assets	-	858,716	-
Net financial assets, beginning of year	-	-	-
Net financial assets, end of year	\$ -	\$ 858,716	\$ -

The accompanying notes are an integral part of these statements.

Invest Ontario**Statements of Cash Flows**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

	March 31, 2022	July 8, 2020 to March 31, 2021
Operating transactions:		
Annual Operating Surplus	\$1,091,371	\$ -
	\$1,091,371	-
Changes in non-cash working capital:		
Interest Receivable	(\$ 1,309)	-
Accounts Payable and Accrued Liabilities	450,244	-
Due to Province of Ontario	992,432	-
Prepays	(\$232,655)	-
	1,208,712	-
Cash provided by operating transactions	\$ 2,300,083	-
Net Increase in cash	\$ 2,300,083	-
Cash, beginning of year	-	-
Cash, end of year	\$ 2,300,083	\$ -

The accompanying notes are an integral part of these statements.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

1. Nature of the Organization

Invest Ontario (the "Corporation") was created on July 8, 2020 by Ontario Regulation 357/20 under the *Development Corporations Act, R.S.O. 1990, c. D.10* (Ontario). It was then continued on April 27, 2021 under the Invest Ontario Act, 2021 (the "Act").

Under the Act, the objects of the Corporation are to:

- secure private sector strategic business and capital investments that support economic development, resiliency and job creation in Ontario by, among other things, providing financial assistance and incentives to promote Ontario's overall economic competitiveness and to promote growth in Ontario;
- to conduct such further activities, consistent with its objects, as are described in any policies or directives issued by the Ministry of Economic Development, Job Creation and Trade (the "Ministry") or as set out in any agreement with the Minister of Economic Development, Job Creation and Trade (the "Minister"); and
- to receive, hold, sell, invest and otherwise deal with its assets in carrying out its objects.

The members of the inaugural Board of Directors of the Corporation were appointed on March 18, 2021. The Board held its first formal meeting on April 6, 2021. For the period prior to April 6, 2021, the Corporation was managed and operated by the Ministry.

The Corporation is exempt from federal and provincial income taxes under the Income Tax Act (Canada).

2. The Invest Ontario Fund

As part of its 2021 Budget, the Ontario Government committed \$400 million over four years to create the Invest Ontario Fund, to support the Corporation and encourage investments in the key sectors of advanced manufacturing, technology and life sciences. The Budget stated that the Corporation is to: (a) identify investments in high-value projects and rely upon a sophisticated evaluation process to inform its assessments and project selections and (b) provide expertise and responsive and customizable investor services to support investment opportunities, including available financial assistance, talent support, advisory supports and concierge services.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

The Ministry has the administration, appropriation and decision-making authority over the Invest Ontario Fund. As the Invest Ontario Fund resides with the Ministry, it is not recorded on the Statements of Financial Position. The Corporation's Board of Directors provides recommendations to the Minister for investments of the Invest Ontario Fund.

3. Significant Accounting Policies

(a) Basis of Accounting

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards as established by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants of Canada (CPA Canada).

The significant accounting policies used to prepare these financial statements are summarized below.

(b) Revenue Recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues, as described below. All revenues are recorded on an accrual basis.

Transfers from the Ministry are referred to as government transfers:

The Ministry contributes funds to the Corporation's operating activities. Transfers from the Ministry are recognized as revenue in the financial statements when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Funds received from the Ministry are recognized as deferred revenue or accounts payable when these conditions give rise to a liability. Funds received from the Ministry are recognized as revenue in the Statements of Operations and Accumulated Surplus as the liabilities are settled.

Interest income:

Interest income is recognized when earned.

(c) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed, and services received during the year is expensed.

Invest Ontario**Notes to Financial Statements**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

(d) Prepays

Prepaid expenses include services and are charged to expense over the periods expected to benefit from it.

(e) Related Party Transactions

Related party transactions are measured at the exchange amount, which is the amount of consideration established and agreed to by related parties.

(f) Financial Instruments

The Corporation's financial assets and liabilities are accounted for as follows: Cash is recognized at cost and is subject to an insignificant risk of change in value so carrying value approximates fair value. Interest receivable, accounts payable and accrued liabilities are recorded at cost.

(g) Employee Pension Plans

The Corporation's full-time employees participate in the Public Service Pension Plan (PSPP), which is a defined benefit pension plan for employees of the province and many provincial agencies. The Province of Ontario, which is the sole sponsor of the PSPP, determines the Corporation's annual payments to the Plan. Since the Corporation is not a sponsor of the pension plan, gains and losses arising from statutory actuarial funding valuations are not assets or obligations of the Corporation, as the sponsor is responsible for ensuring that the pension plan is financially viable. The Corporation's contributions are accounted for as if the PSPP was a defined contribution plan with contributions being expensed in the period they come due.

(h) Use of Estimates

The preparation of financial statements in accordance with Canadian Public Sector Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reported year. Items subject to such estimates and assumptions include accruals. Actual results could differ from those estimates.

4. Accounts Payable and Accrued Liabilities

Accounts payable relate to normal business transactions with third-party vendors.

Invest Ontario**Notes to Financial Statements**

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

Accrued liabilities relate to accruals for salaries, wages and benefits.

	2022	2021
Accounts Payable	\$ 313,376	\$ -
Accrued Liabilities	136,868	-
Total	\$ 450,244	\$ -

5. Due to the Province of Ontario

The Due to Province of Ontario represents amounts owing to the Ministry by the Corporation. During the fiscal year 2022, the Ministry paid expenses totaling \$2,262,518 (2021 - \$nil) on behalf of the Corporation. The Ministry recovered \$1,270,086 (2021 - \$nil) from the Corporation. Changes to the Due to Province of Ontario balances during the fiscal period 2021 and fiscal year 2022 are as follows:

	2022	2021
Balance, beginning of year	\$ -	\$ -
Invoices Received	2,262,518	-
Amount Paid	(\$1,270,086)	-
Balance, end of year	\$ 992,432	\$ -

6. Prepaid

	2022	2021
Subscriptions and licenses	\$ 198,337	\$ -
Other	34,318	-
Total	\$ 232,655	\$ -

7. Employee Future Benefits

The Corporation has a defined benefit pension plan with the Public Services Pension Plan (PSPP) for all its employees. Employees who are transferring from the Ontario

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

Public Service to the Corporation are able to continue their pension with the PSPP. The Corporation (employer) matches employee contributions 100%. The employee's contributions are 7.4% of annual salary up to the Year's Maximum Pensionable Earnings (YMPE), and then 10.5% of the annual salary above the YMPE. During the fiscal year 2022, the pension benefits of \$4,103 (2021 - \$nil) are included in Salaries, Wages & Benefits in the Statements of Operations and Accumulated Surplus.

Also in fiscal 2022, the Ministry seconded staff to a unit (within the Deputy Minister's Office) dedicated to the Corporation. The related costs of the pension plan provided to the seconded staff are paid by the Province and are not included in these financial statements.

8. Related Party Transactions

During fiscal 2022, in support of the Corporation's operations, the Ministry provided seconded staff, goods and services to the Corporation on a cost basis, as follows:

- The Ministry recovered salaries and benefits (excluding pension costs as noted in Note 7) of seconded staff totaled \$1,226,836 (2021 - \$nil) and is recorded in Salaries, Wages & Benefits on the Statement of Operations and Accumulated Surplus.
- Included in Supplies & Equipment, Transportation & Communications, and Services on the Statement of Operations and Accumulated Surplus are services and goods totaled \$24,366 (2021 - \$nil) recovered by the Ministry at cost.

In addition, the following goods and services were provided at no cost to the Corporation and were not included in the Statement of Operations and Accumulated Surplus:

- Certain expenses incurred by the Corporation, specifically accommodations, IT hardware and software licenses, were absorbed by the Ministry of Government and Consumer Services and Treasury Board Secretariat respectively. The costs for these services amounted to \$72,757 (2021 - \$nil).
- The Ministry provided financial, human resources, website and social media and other corporate advisory services.
- Payroll and payment administration were provided by the Ministry of Government and Consumer Services.

Prior to the appointment of the Board of Directors on April 6, 2021, the Corporation was operated by the Ministry. The Corporation did not have any staff or transactions.

Invest Ontario

Notes to Financial Statements

For the year ended March 31, 2022 and for the period from July 8, 2020 to March 31, 2021

- The Ministry incurred certain establishment costs which amounted to \$66,103. In addition, salaries, wages & benefits of Ministry staff involved in the establishment of the Corporation amounted to \$62,427 were absorbed by the Ministry and not included in the Statement of Operations and Accumulated Surplus.

Due to Province includes amounts due to the Ministry from the Corporation (see note 5).

9. Financial Instruments Risk Management

a) Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet its cash flow obligations as they fall due. The Corporation's exposure to liquidity risk is minimal as all operations funding is provided by the Ministry. The Corporation mitigates its liquidity risk by preparing cash forecasts and regular reports to the Ministry. Amounts payable balance at period end are due within the first quarter of the following fiscal period.

b) Market Risk

The Corporation's exposure to market risk is comprised of interest rate risk. Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Corporation is exposed to minimal risk through its interest-bearing bank account.

10. Contingency

Based on the funding arrangement between the Corporation and the Ministry, any surplus funding received from the Ministry may be refunded or allocated to a subsequent period. As at March 31, 2022, management has not been informed of any potential refund.

11. Budget

For the period prior to April 6, 2021, the Corporation was managed and operated by the Ministry. There was no budget for the Corporation for the period ended 2021.